

**THE LEARNING ENRICHMENT FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2018**

# **THE LEARNING ENRICHMENT FOUNDATION**

**Financial Statements  
December 31, 2018**

<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Schedule of Administration Revenues, Expenditures and Allocations	5
Schedule of Childcare Revenues, Expenditures and Allocations	6
Schedule of Building Revenues, Expenditures and Allocations	7
Schedule of Food Services Revenues, Expenditures and Allocations	8
Schedule of Other Projects Revenues, Expenditures and Allocations	9
Schedule of Grant and Contribution Agreements	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 17

**INDEPENDENT AUDITOR'S REPORT**

To the Members of The Learning Enrichment Foundation

*Qualified Opinion*

We have audited the financial statements of The Learning Enrichment Foundation, which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Learning Enrichment Foundation as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, The Learning Enrichment Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Learning Enrichment Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the the Foundation's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

**INDEPENDENT AUDITOR'S REPORT, continued**

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the the Foundation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the the Foundation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Akler Browning LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
April 16, 2019

**THE LEARNING ENRICHMENT FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,490,429	\$ 770,276
Accounts receivable	444,188	607,252
Grants and subsidies receivable	493,825	543,021
HST rebate receivable	117,717	115,935
Prepays and deposits	452,342	143,510
<b>Total current assets</b>	<b>2,998,501</b>	<b>2,179,994</b>
<b>Property and equipment (Note 2)</b>	<b>1,123,182</b>	<b>1,234,812</b>
	<b>\$ 4,121,683</b>	<b>\$ 3,414,806</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,190,012	\$ 767,014
Deferred contributions (Note 4)	2,111,123	1,452,546
Current portion of mortgage payable	-	57,444
<b>Total current liabilities</b>	<b>3,301,135</b>	<b>2,277,004</b>
<b>Mortgage payable</b>	<b>-</b>	<b>492,936</b>
<b>Deferred contributions related to property and equipment (Note 5)</b>	<b>42,390</b>	<b>58,692</b>
	<b>3,343,525</b>	<b>2,828,632</b>
<b>Fund Balances</b>		
<b>Net assets</b>	<b>778,158</b>	<b>586,174</b>
	<b>\$ 4,121,683</b>	<b>\$ 3,414,806</b>

Approved on behalf of the board

Director 

Director 

Date April 16/19

**The Learning Enrichment Foundation**  
**Statement of Operations and Changes in Net Assets**  
**December 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Subsidy fees	\$ 10,359,434	\$ 9,338,964
Grants and contribution agreements (Schedule)	7,138,805	6,087,472
Client fees	5,590,439	4,376,226
Fee for service	456,673	414,673
Fundraising, donations and other	221,152	119,977
Rental and interest	189,203	175,121
Enterprise	80,466	76,392
Vocational training	5,600	6,040
	<b>24,041,772</b>	<b>20,594,865</b>
<b>Expenditures</b>		
Wages and benefits (Note 6)	18,072,668	16,408,467
Program related	1,576,101	736,507
Food	922,928	848,296
Rent	488,309	428,072
Technology supplies	396,352	230,758
Repairs and maintenance	392,229	223,618
Consulting	319,242	141,510
Training and development	259,920	189,255
Utilities	243,045	226,416
Office and general	193,064	192,414
Food delivery	152,902	131,470
Telephone	137,029	113,984
Professional fees	134,415	103,277
Amortization	111,630	117,157
Property taxes	105,960	114,051
Insurance	93,482	91,242
Legal fees	85,657	45,570
Bad debts	82,169	16,743
Business travel	36,077	33,008
Mortgage interest	24,368	23,304
Advertising and promotion	11,485	7,610
Conference	9,906	22,371
Fundraising	850	18,965
	<b>23,849,788</b>	<b>20,464,065</b>
<b>Excess of revenues over expenditures</b>	<b>191,984</b>	<b>130,800</b>
<b>Net assets, beginning of year</b>	<b>586,174</b>	<b>455,374</b>
<b>Net assets, end of year</b>	<b>\$ 778,158</b>	<b>\$ 586,174</b>

**The Learning Enrichment Foundation**  
**Schedule of Administration Revenues, Expenditures and Allocations**  
**December 31, 2018**

	2018	2017
<b>Revenues</b>		
Grants and contribution agreements	\$ 91,632	\$ 203,938
Fundraising, donations and other	63,602	49,193
Interest	15,634	578
Enterprise	7,999	9,978
Fee for service	5,780	-
	<b>184,647</b>	<b>263,687</b>
<b>Expenditures</b>		
Wages and benefits	1,291,636	1,688,974
Technology supplies	329,149	215,507
Training and development	200,365	82,594
Consulting	129,422	56,015
Professional fees	100,342	81,403
Office and general	88,939	137,982
Insurance	85,042	77,452
Program related	36,456	33,650
Telephone	35,034	34,168
Mortgage interest	24,368	23,304
Business travel	18,389	10,608
Legal fees	10,657	20,149
Bad debts	10,000	-
Conference	6,593	9,542
Food	2,974	795
Fundraising	850	18,965
Advertising and promotion	431	3,120
Repairs and maintenance	-	2,837
Amortization	-	1,246
	<b>2,370,647</b>	<b>2,498,311</b>
<b>Deficiency of revenues over expenditures before allocations</b>	<b>(2,186,000)</b>	<b>(2,234,624)</b>
<b>Allocation of expenditures</b>		
Childcare	2,121,297	2,310,805
Other projects	365,932	345,539
Food services	76,704	(2,976)
Building	(200,975)	(182,835)
	<b>2,362,958</b>	<b>2,470,533</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 176,958</b>	<b>\$ 235,909</b>

**The Learning Enrichment Foundation**  
**Schedule of Childcare Revenues, Expenditures and Allocations**  
**December 31, 2018**

	2018	2017
<b>Revenues</b>		
Subsidy fees	\$ 10,359,434	\$ 9,338,964
Client fees	5,590,426	4,376,226
Grants and contribution agreements	3,839,168	2,839,866
Fundraising, donations and other	475	1,118
	<u>19,789,503</u>	<u>16,556,174</u>
<b>Expenditures</b>		
Wages and benefits	13,823,955	11,716,431
Program related	1,031,607	268,704
Repairs and maintenance	171,845	83,618
Rent	105,598	69,324
Food	100,580	89,361
Office and general	83,367	42,191
Telephone	75,184	63,067
Legal fees	75,000	25,421
Bad debts	72,169	16,743
Technology supplies	49,515	10,876
Training and development	48,422	103,890
Professional fees	34,059	20,870
Consulting	19,879	14,443
Amortization	16,068	24,082
Business travel	12,490	11,445
Advertising and promotion	6,430	1,582
Utilities	3,697	10,455
Conference	731	1,840
	<u>15,730,596</u>	<u>12,574,343</u>
<b>Excess of revenues over expenditures before allocations</b>	<u>4,058,907</u>	<u>3,981,831</u>
<b>Allocation of expenditures</b>		
Building	(211,532)	(311,541)
Food services	(1,624,254)	(1,507,178)
Administration	(2,121,297)	(2,310,805)
	<u>(3,957,083)</u>	<u>(4,129,524)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 101,824</u>	<u>\$ (147,693)</u>



**The Learning Enrichment Foundation**  
**Schedule of Building Revenues, Expenditures and Allocations**  
**December 31, 2018**

	2018	2017
<b>Revenues</b>		
Rental and interest	\$ 173,570	\$ 174,543
Fundraising, donations and other	6,740	46,481
	<u>180,310</u>	<u>221,024</u>
<b>Expenditures</b>		
Rent	382,711	358,749
Utilities	236,201	215,361
Repairs and maintenance	204,132	122,635
Wages and benefits	165,625	239,100
Property taxes	105,960	114,051
Amortization	87,748	58,128
Telephone	8,642	7,759
Insurance	8,439	13,282
Office and general	1,311	3,018
Technology supplies	1,222	22
Program related	1,176	715
Business travel	247	650
Food	-	33
Advertising and promotion	-	664
	<u>1,203,414</u>	<u>1,134,167</u>
<b>Deficiency of revenues over expenditures before allocations</b>	<b>(1,023,104)</b>	<b>(913,143)</b>
<b>Allocation of expenditures</b>		
Other projects	301,212	256,653
Childcare	211,532	311,541
Administration	200,975	182,835
Food services	111,726	121,263
	<u>825,445</u>	<u>872,292</u>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (197,659)</b>	<b>\$ (40,851)</b>

**The Learning Enrichment Foundation**  
**Schedule of Food Services Revenues, Expenditures and Allocations**  
**December 31, 2018**

	2018	2017
<b>Revenue</b>		
Enterprise	\$ 13,871	\$ 14,314
Fundraising, donations and other	1,022	-
Grants and contribution agreements	319	-
	<u>15,212</u>	<u>14,314</u>
<b>Expenditures</b>		
Food	815,399	752,202
Wages and benefits	381,639	373,775
Food delivery	152,902	131,470
Program related	19,954	20,322
Amortization	7,815	33,003
Repairs and maintenance	6,045	13,332
Office and general	255	95
Professional fees	-	213
	<u>1,384,009</u>	<u>1,324,412</u>
<b>Deficiency of revenues over expenditures before allocations</b>	<b>(1,368,797)</b>	<b>(1,310,098)</b>
<b>Allocation of expenditures</b>		
Childcare	1,624,254	1,507,178
Other projects	12,066	10,902
Administration	(76,704)	2,976
Building	(111,726)	(121,263)
	<u>1,447,890</u>	<u>1,399,793</u>
<b>Excess of revenues over expenditures</b>	<b>\$ 79,093</b>	<b>\$ 89,695</b>

**The Learning Enrichment Foundation**  
**Schedule of Other Projects Revenues, Expenditures and Allocations**  
**December 31, 2018**

	2018	2017
<b>Revenues</b>		
Grants and contribution agreements	\$ 3,207,686	\$ 3,043,667
Fee for service	450,893	414,673
Fundraising, donations and other	149,313	23,186
Enterprise	58,596	52,100
Vocational training	5,600	6,040
	<b>3,872,088</b>	<b>3,539,666</b>
<b>Expenditures</b>		
Wages and benefits	2,409,812	2,390,188
Program related	486,907	413,117
Consulting	169,940	71,052
Office and general	19,193	9,127
Telephone	18,168	8,990
Technology supplies	16,465	4,353
Training and development	11,133	2,771
Repairs and maintenance	10,208	1,196
Business travel	4,951	10,305
Advertising and promotion	4,623	2,244
Food	3,975	5,904
Utilities	3,147	600
Conference	2,583	10,989
Professional fees	14	791
Amortization	-	698
Insurance	-	507
	<b>3,161,119</b>	<b>2,932,832</b>
<b>Excess of revenues over expenditures before allocations</b>	<b>710,969</b>	<b>606,834</b>
<b>Allocation of expenditures</b>		
Food services	(12,066)	(10,902)
Building	(301,212)	(256,653)
Administration	(365,932)	(345,539)
	<b>(679,210)</b>	<b>(613,094)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 31,759</b>	<b>\$ (6,260)</b>

**The Learning Enrichment Foundation**  
**Schedule of Grant and Contribution Agreements**  
**December 31, 2018**

	2018	2017
<b>Federal</b>		
Citizenship and Immigration Canada	\$ 1,454,390	\$ 1,549,380
Service Canada	441,027	278,995
	<u>1,895,417</u>	<u>1,828,375</u>
<b>Provincial</b>		
Ministry of Advanced Education and Skills Development	1,028,993	1,105,516
Ministry of Citizenship and Immigration	224,097	-
Ministry of Community and Social Services	76,662	76,662
Ministry of Economic Development and Growth	-	53,413
	<u>1,329,752</u>	<u>1,235,591</u>
<b>Municipal</b>		
City of Toronto - (General Operating Grant) (Note 4)	2,466,441	1,911,270
City of Toronto - (Provincial Wage Enhancement Grant) (Note 4)	975,820	901,202
City of Toronto - (Other Grants)	395,180	44,051
City of Toronto - (Investment in Neighbourhood)	50,349	48,741
	<u>3,887,790</u>	<u>2,905,264</u>
<b>Other</b>		
Miscellaneous	25,846	118,242
<b>Total</b>	<b>\$ 7,138,805</b>	<b>\$ 6,087,472</b>

**The Learning Enrichment Foundation**  
**Statement of Cash Flows**  
**Year ended December 31, 2018**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 191,984	\$ 130,800
Items not involving cash		
Amortization	111,630	117,157
Amortization of deferred contributions related to property and equipment	(16,302)	(20,374)
<b>Total adjustments</b>	<b>95,328</b>	<b>96,783</b>
	<b>287,312</b>	<b>227,583</b>
<b>Change in non-cash working capital items</b>		
Accounts receivable	163,064	(300,220)
Grants and subsidies receivable	49,196	(174,655)
HST rebate receivable	(1,782)	(67,465)
Prepays and deposits	(308,832)	(29,952)
Accounts payable and accrued liabilities	422,998	170,607
Deferred contributions	658,577	854,598
<b>Total operating activities</b>	<b>1,270,533</b>	<b>680,496</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment (net)	-	(34,459)
<b>Total investing activity</b>	<b>-</b>	<b>(34,459)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Mortgage payable	(550,380)	(55,431)
<b>Total financing activities</b>	<b>(550,380)</b>	<b>(55,431)</b>
<b>Increase in cash</b>	<b>720,153</b>	<b>590,606</b>
<b>Cash, beginning of year</b>	<b>770,276</b>	<b>179,670</b>
<b>Cash, end of year</b>	<b>\$ 1,490,429</b>	<b>\$ 770,276</b>

# THE LEARNING ENRICHMENT FOUNDATION

## Notes to the Financial Statements

December 31, 2018

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### NATURE OF OPERATIONS

The Learning Enrichment Foundation ("the Foundation") is a non-profit organization incorporated without share capital and is registered with the Canada Revenue Agency as a charity, within the meaning of the Income Tax Act. The principal activities of the Foundation include the operation of child care centres, before and after school programs, employment training and counselling services and other employment development projects.

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Property and equipment

Property and equipment are accounted for at cost and amortized over their estimated useful life using the following methods and rates or duration:

Building	Declining balance	4%
Leasehold improvements	Straight-line	5 years
Equipment and fixtures	Straight-line	5 years
Vehicles	Straight-line	3 years

#### (b) Impairment of long-lived assets

Property and equipment subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### (c) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Client fees, fee for service, vocational training, rental and investment income and enterprise revenues are recognized on the accrual basis as earned.

#### (d) Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent restricted contributions for the purchase of equipment and fixtures, computer hardware and leasehold improvements. Deferred capital contributions are recognized as revenue on the same basis as the related property and equipment is being amortized.

# THE LEARNING ENRICHMENT FOUNDATION

## Notes to the Financial Statements

December 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Contributed materials and services

Volunteers contribute time and the use of their vehicles in support of programs. The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The fair market value of donated property and equipment is recognized as donation revenue in the year the property and equipment are donated, if the fair market value can be reasonably estimated.

Rent not charged for certain facilities used by the Foundation has not been recognized in the financial statements as it is impractical to determine the fair market value of these amounts.

#### (f) Financial instruments

##### Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, grants and subsidies receivable and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation has not designated any financial asset or financial liability to be measured at fair value.

##### Impairment

For financial assets measured at amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

#### (g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenditures for the period covered. The main estimates relate to the impairment of financial assets, the useful life of property and equipment and allowance for doubtful accounts.

# THE LEARNING ENRICHMENT FOUNDATION

Notes to the Financial Statements

December 31, 2018

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## 1. SIGNIFICANT ACCOUNTING POLICIES, continued

### (h) Allocation of expenditures

The Foundation engages in various programs and services. The costs of each program includes the cost of personnel and other expenditures that are directly related to providing the services. The Foundation also incurs other expenditures that are common to the management and operations of the Foundation and each of its programs.

The Foundation allocates certain of its administration expenditures, wages and benefits, professional fees, legal fees, insurance, rent, telephone, food costs, office and general and advertising by identifying the appropriate basis of allocating each component expenditure, and applies the basis consistently each year according to contracts with the Federal, Provincial and Municipal governments. These costs are included in the expenditures and/or recoveries between programs per the schedules attached to the financial statements.

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## 2. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	Net 2018	Net 2017
Land	\$ 426,343	\$ -	\$ 426,343	\$ 426,343
Building	875,673	275,257	600,416	625,434
Leasehold improvements	761,707	728,273	33,434	86,398
Equipment and fixtures	159,000	110,660	48,341	72,223
Vehicles	29,298	14,649	14,649	24,415
	<b>\$ 2,252,021</b>	<b>\$ 1,128,839</b>	<b>\$ 1,123,182</b>	<b>\$ 1,234,812</b>

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## 3. BANK OPERATING LOAN

A demand operating loan to a maximum of \$650,000 is available to the Foundation. The operating loan bears interest at a rate of prime plus 1% per annum and is secured by a general security agreement covering all assets of the Foundation. As at December 31, 2018 the loan balance amounted to \$Nil (2017 - \$Nil).

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# THE LEARNING ENRICHMENT FOUNDATION

## Notes to the Financial Statements

December 31, 2018

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### 4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted by funding agencies plus restricted operation funding received in the current or a prior period that is related to a period subsequent to the year end.

Included in the year end balance is \$1,008,897 (2017 - \$592,334) of general operating grant funding received from the City of Toronto to be spent in a subsequent period. The analysis of the combined wage subsidies for the year is as follows:

	General Operating Grant	Provincial Wage Enhancement
Deferred from prior years	\$ 592,334	\$ -
Received in this fiscal year	2,466,441	975,820
Wage grants expensed in this fiscal year according to the guidelines	(2,049,878)	(975,820)
<b>Grants deferred to future years</b>	<b>\$ 1,008,897</b>	<b>\$ -</b>

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### 5. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

	2018	2017
Opening balance	\$ 58,692	\$ 55,137
Add: Contributions received and spent on property and equipment	-	23,929
Less: Amounts amortized to revenue	(16,302)	(20,374)
<b>Closing balance</b>	<b>\$ 42,390</b>	<b>\$ 58,692</b>

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### 6. EMPLOYEE FUTURE BENEFITS

The Foundation has a defined-contribution pension plan. The Foundation contributes to the plan at the rate of 4% of employees salaries. The expenditure and payments for the year were \$346,419 (2017 - \$333,407). Full-time and part-time employees that meet certain earning and hour requirements are eligible to become members of the plan.

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# THE LEARNING ENRICHMENT FOUNDATION

## Notes to the Financial Statements

December 31, 2018

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### 7. CONTRACTUAL OBLIGATIONS

The Foundation is obligated under premises leases to minimum rentals (excluding certain occupancy charges and property taxes) as follows:

2019	\$	371,854
2020		381,125
2021		390,880
2022		397,108
2023		384,000
Subsequent years		997,200
		<hr/>
		\$ 2,922,167

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### 8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to its accounts receivable, grants and subsidies receivable and HST rebate receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its trade accounts payable and long term debt. The Foundation expects to meet these obligations as they come due by generating sufficient cash flow from operations combined with the receipt of subsidies and grants from its funders.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject the Foundation to cash flow risk. The Foundation is exposed to this type of risk as a result of its variable rate line of credit and mortgage payable. The exposure to these risks also fluctuates as the debts change from year to year.

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# **THE LEARNING ENRICHMENT FOUNDATION**

**Notes to the Financial Statements**

**December 31, 2018**

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## **9. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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